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STATISTICAL BULLETIN

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The Conference Board

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COMMENT

* THE PACE OF ACTIVITY QUICKENED A BIT IN SECOND QUARTER

  - CONSUMER DEMAND CONTINUED TO EXPAND, AND
  - BUSINESS INVESTMENT REBOUNDED, BUT
  - FOREIGN SUPPLY IS MEETING DOMESTIC DEMAND, SO
  - THE INDUSTRIAL SECTOR STRUGGLES

* MONEY GROWTH STILL STRONG, INTEREST RATES FELL AGAIN

* THE DOLLAR DEPRECIATES

* OUTLOOK * THIRD QUARTER PROMISING—SPRING GROWTH CARRIES INTO SUMMER.

OVERVIEW: The economy is running at an extremely modest pace right now. The latest statistics show that overall GNP was not much higher in the second quarter than in the fairly flat first quarter. That 1.7% growth in real GNP in the second quarter was lower than expected by the forecasters (2.9% median of the **Economic Forecasts**). It was also lower than the Flash report. While supply conditions remain weak as the Summer quarter begins, consumer demand continues to expand modestly.

DEMAND SIDE: Consumer spending is rising modestly despite lower sentiment. Their credit demand is tapering, after a big buildup this past Winter. Business investment remains strong. Inventory is being pared relative to sales. Nothing new on rising trend in imports. Federal government spending dipped in May, following a big increase in April.

Consumer sentiment remains guarded. The Conference Board's *Consumer Confidence Index* has moved erratically lower throughout the first half of 1985. Even with a pickup in June, to 91.5 (1969-1970 = 100), this series is below the levels of last fall. What the recent surveys are showing is this. Consumers are a little more concerned now about the size of pay increases over the next six months. But, they are decidely more worried about whether business conditions will remain strong enough to support increased job availability. And these concerns are prompting a weakening in **Consumer Confidence**.

Labor market conditions continue to soften. The Conference Board's **Help-wanted Index** has turned sharply lower, a good indicator that jobs are becoming more scarce. New hiring in the service sector continues to offset declines in manufacturing. Employment in construction and government, which had been rising, fell in June. The lack of stronger job growth limits the rise in household income and weakens their attitudes.

The numbers on personal income have been beset by special problems throughout the first half of this year. First, computer snafus prevented the IRS from mailing out refunds. The checks were apparently in the mail by April, but so were retroactive raises for postal workers and increases in farm support programs. That explains why personal income shot up in April but fell in May. Still overall gains in income have supported moderate increases in consumer spending, despite some decline in buying on credit.

Consumer credit demand is falling despite lower interest rates. And for a good reason. A good portion of this money is in the form of revolving credit—where the interest rate is fixed. Revolving-credit use increased at a 31% annual rate in February and March but slowed to 25% in April. But, consumers have not simply switched to other forms of debt where the interest rates are on the way down. For example, the change in auto loans was fairly steady over these three months. The Consumer sector is already heavily in debt. Households may simply be trying to limit their credit demand. That's to be expected if, as they are telling consumer pollsters, they are a little uneasy about where the economy is headed.

It is not clear that consumer attempts to curb credit demand has begun to impact their spending—especially on the big-ticket durable items. To be sure, retail sales of furniture, appliances and cars were off sharply in June. Hardware and department stores reported smaller declines in sales volume. But, all of these declines come on the heels of big increases in April and May. Overall, retail sales, adjusted for inflation, were 5.5% higher, annual rate, in June than 3 months earlier. And sales of durable goods were up at an 11.5% rate. A case could be made that consumers are still buying but only if they have the cash on hand.

Ken Goldstein, Editor

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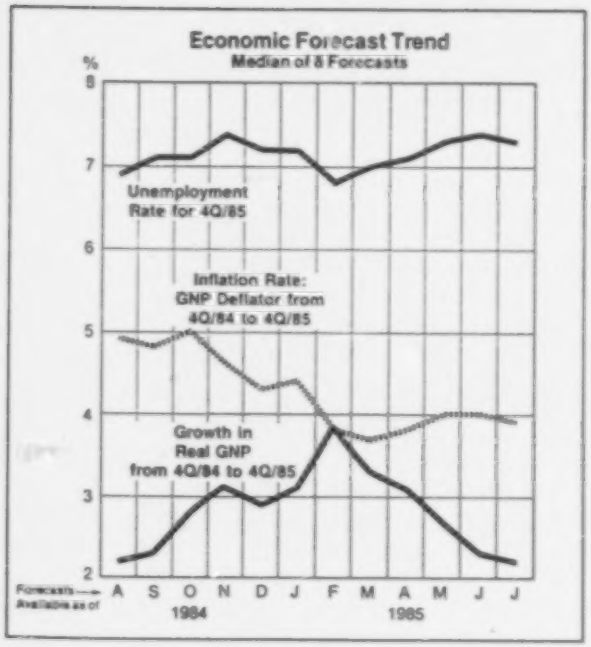


Declining consumer demand is not troubling domestic car makers. Rising imports, especially now that the restrictions have been lifted, are a different matter. New, domestic **Automobile Sales** had been in a range of 8 to 9 million, at an annual rate, in the first 5 months of 1985, but slowed to only a 7.7 million rate in June. Sales of imports, on the other hand, have climbed from about a 2½ million rate to almost 3 million in the last 2 months. Given higher domestic production in the second quarter, and renewed market penetration of imports, the inventory of unsold domestic cars, which had been declining for 3 months, inched back up in June.

Inventory piled up in the first quarter but was apparently worked off, to some extent, in the second. Sales of imports are frequently cited as depressing sales of domestic, durable goods. The inventory buildup, however, was more pronounced in nondurable goods. Supply simply exceeded demand. It's a good sign, then, that nondurable inventory, especially at the retail level, was rising more slowly than sales in the last 3 months. Overall, the inventory/sales ratios, which remain at historically low levels, were inching lower in April and May.

SUPPLY SIDE: Production remains flat and operating rates continue to slide. Productivity gains have been disappointingly low. Rising costs, then, together with an inability to raise prices, have been reducing profit margins. Although the attitudes of top business leaders fell, their investment plans remain strong.

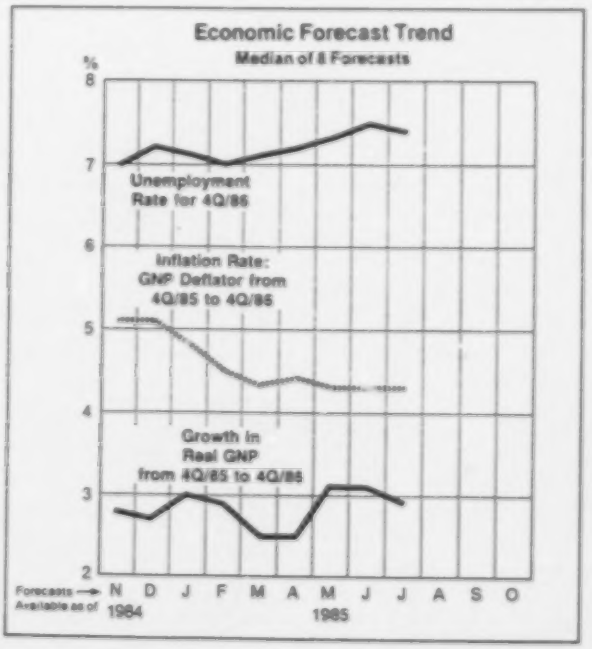
Slow-growing consumer demand, market penetration of imports and inventory buildup limited gains in industrial production in the first half of 1985. But, business has been adding to capacity so operating rates have been inching down. The only part of this picture to change recently was the slower pace of inventory accumulation.

Lackluster conditions on the economy's supply side have eroded business leaders' confidence severely. The Conference Board's **Measure of Business Confidence** fell all the way to 52 (on a scale of 0-to-100) in the second quarter of 1985. That low reading hasn't been seen since the second quarter of 1982, when the economy was mired in recession. Lower confidence of executives in mining or manufacturing is not headline news. Lower confidence among bank and finance executives, conversely, reflects worry that persistant weak conditions in goods-producing industries may begin to retard growth in other sectors.

Despite their near-term concerns, top executives continue to plan for modernizing and expanding productive facilities. Respondents to The Conference Board's **Business Executives' Expectations** survey reported no major revisions of their 1985-1986 capital spending programs. They are, apparently, counting on efficient, low-cost facilities to compete in a marketplace not dominated by a superstrong dollar. Without the high dollar, production gains would now be more in line with the rise in domestic demand.

Is the long awaited decline in the dollar finally underway. The trade-weighted average **Exchange Rate** of the dollar against other major currencies was 130.4 (1980-1982 = 100) in June—or 30.4% higher than its base-period value. That means the dollar has recovered from the surprisingly strong appreciation earlier this year. It was no higher at midyear than at the beginning of 1985.

Ken Goldstein
July 16, 1985

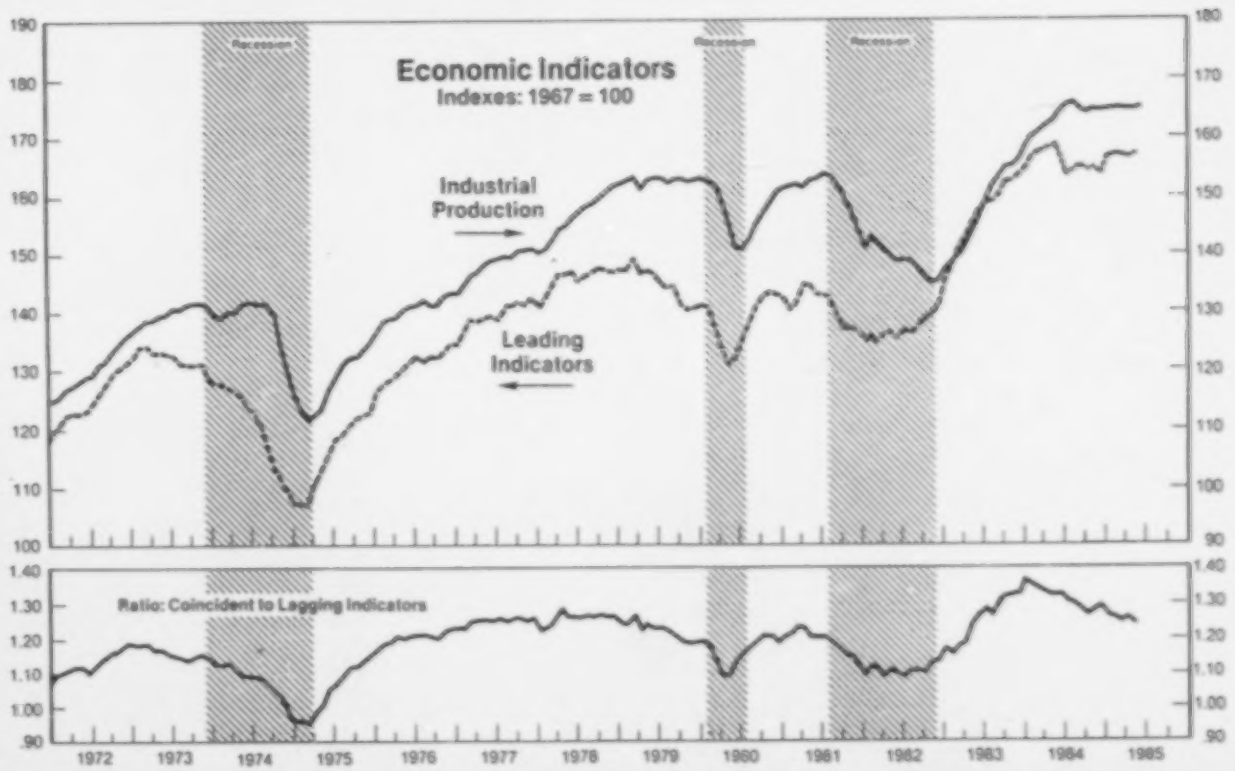


STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over latest three months	Change From Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	May		X		+ 0.1%	– 0.2%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	May			X	–20.9%	–12.4%
New orders, nondefense capital goods (deflated)	May			X	–23.3%	–12.8%
*New business formation	May			X	– 5.5%	– 3.0%
*Housing permits	May	X			+ 9.5%	+ 0.8%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	May		X		– 0.2%	+ 0.9%
*Change in inventory, on hand & order (deflated)	Apr.	X			+ 6.7%	–25.5%
Purchasing agents' buying policy	June		X		– 1.0%	– 6.0%
*Vendor performance, reported slower deliveries	May			X	– 4.0%	–26.0%
Industrial raw materials prices	June			X	– 3.4%	–14.8%
*Change in sensitive material prices	May	X			+ 0.6%	– 0.4%
Sensitive Financial Flows						
*Money balance (M2 deflated)	May		X		– 0.1%	+ 4.6%
Change in business loans	May	X			+ 17.4%	–43.2%
*Change in credit outstanding	Apr.		X		– 2.3%	– 6.4%
Change in consumer installment debt	Apr.		X		+ 12.6%	+ 17.7%
Profitability						
Total corporate profits, after tax (deflated)	1st Q			X	– 4.0%	–12.1%
*Common stock prices	June	X			+ 4.9%	+ 22.9%
Marginal Employment Adjustments						
*Average workweek, mfg.	June		X		0hr	– 0.2hr
*Initial unemployment claims (inverted)	May		X		+ 4.7%	– 10.1%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington, D.C.: Government Printing Office) June, 1977.

*These twelve series make up the Composite Leading Index charted below.



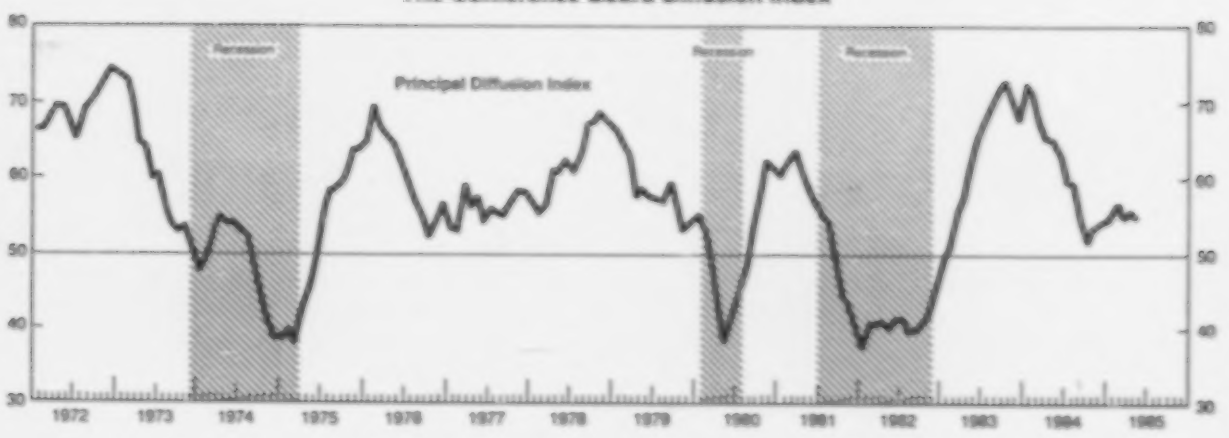
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1984 May	1985 Feb.	1985 Mar.	1985 Apr.	1985 May(e)
Principal Diffusion Index	65.0	56.4r	55.4r	55.8r	55.1
Auxiliary Diffusion Index	45.0	53.6r	46.7r	51.5r	47.8
Industrial Group	62.2	50.3r	52.8r	50.3r	53.2
Nonindustrial Group	67.8	62.4	57.9	61.3	57.1
Sense of Diffusion	1.0	1.0	1.0	1.0	1.0
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	56.2	49.1	51.5	48.7r	51.1
Labor	62.4	55.5r	58.5r	54.5r	58.3
Miscellaneous	70.5	39.1	40.4	42.3	43.6
Nonindustrial Subgroups					
Prices	66.7	40.4	33.3	42.9	44.9
Consumer	82.9	85.0	78.2	76.5r	70.1
Building	66.7	63.5	69.2	74.4	64.1
Miscellaneous	54.3	53.8	46.6	49.6r	47.4

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1982 Nov.	1983 Feb.	1983 May	1983 Aug.	1983 Nov.	1984 Feb.	1984 May	1984 Aug.	1984 Nov.	1985 Feb.	1985 May
	Score (scale 0-100)										
Measure of Business Confidence	60	70	76	75	74	70	65	61	57	61	52
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	44	65	76	82	80	76	75	70	57	62	48
2. Expectations for Economy, Six Months Ahead	70	76	78	74	73	67	60	57	57	61	53
3. Expectations for Own Industry, Six Months Ahead	65	70	72	69	70	67	61	57	58	61	55

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

Billions of Dollars, Seasonally Adjusted

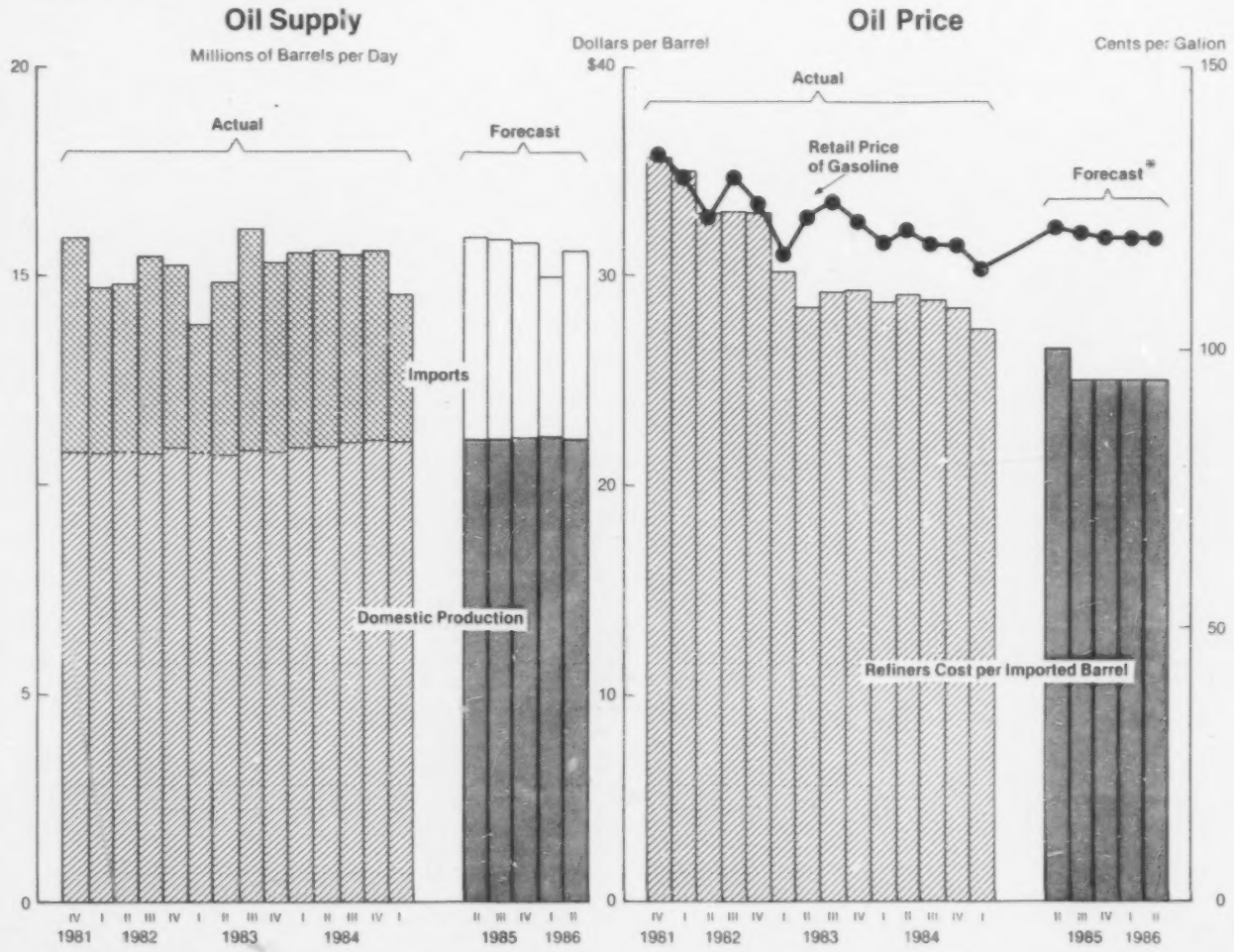
	1983		1984				1985	Percent Change From Previous Year	
	III	IV	I	II	III	IVr	Ip	1984 Actual	1985 Expected**
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	22.785	24.262	26.816	37.154	27.592	29.190	30.506	32	3
Capital expenditures	18.244	19.560	19.905	21.808	22.924	24.875	23.346	19	17
Change in appropriations backlog*	+ 1.988	+ 0.928	+ 5.152	+ 13.867	+ 3.386	+ 1.748	+ 5.522		
Durable Goods									
New appropriations	9.119	11.024	13.662	21.216	12.617	14.938	17.269	59	22
Capital expenditures	7.667	8.727	8.714	10.033	11.031	12.463	11.296	33	14
Change in appropriations backlog*	+ 1.466	+ 0.819	+ 4.057	+ 10.843	+ 1.303	+ 1.100	+ 4.895		
Nondurable Goods									
New appropriations	13.666	13.238	13.154	15.938	14.975	14.252	13.237	12	17
Capital expenditures	10.577	10.833	11.191	11.775	11.893	12.412	12.050	9	19
Change in appropriations backlog*	+ 0.522	+ 0.109	+ 1.095	+ 3.024	+ 2.083	+ 0.648	+ 0.627		
ELECTRIC & GAS UTILITIES									
New appropriations	5.752	6.561	5.090	7.843	9.675	11.372	8.851	26	
Capital expenditures	8.922	8.676	8.737	8.859	9.019	9.170	8.653	1	
Change in appropriations backlog*	- 4.321	- 4.415	- 6.109	- 2.971	- 1.526	- 3.134	- 0.077		

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quartely reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

r—revised p—preliminary

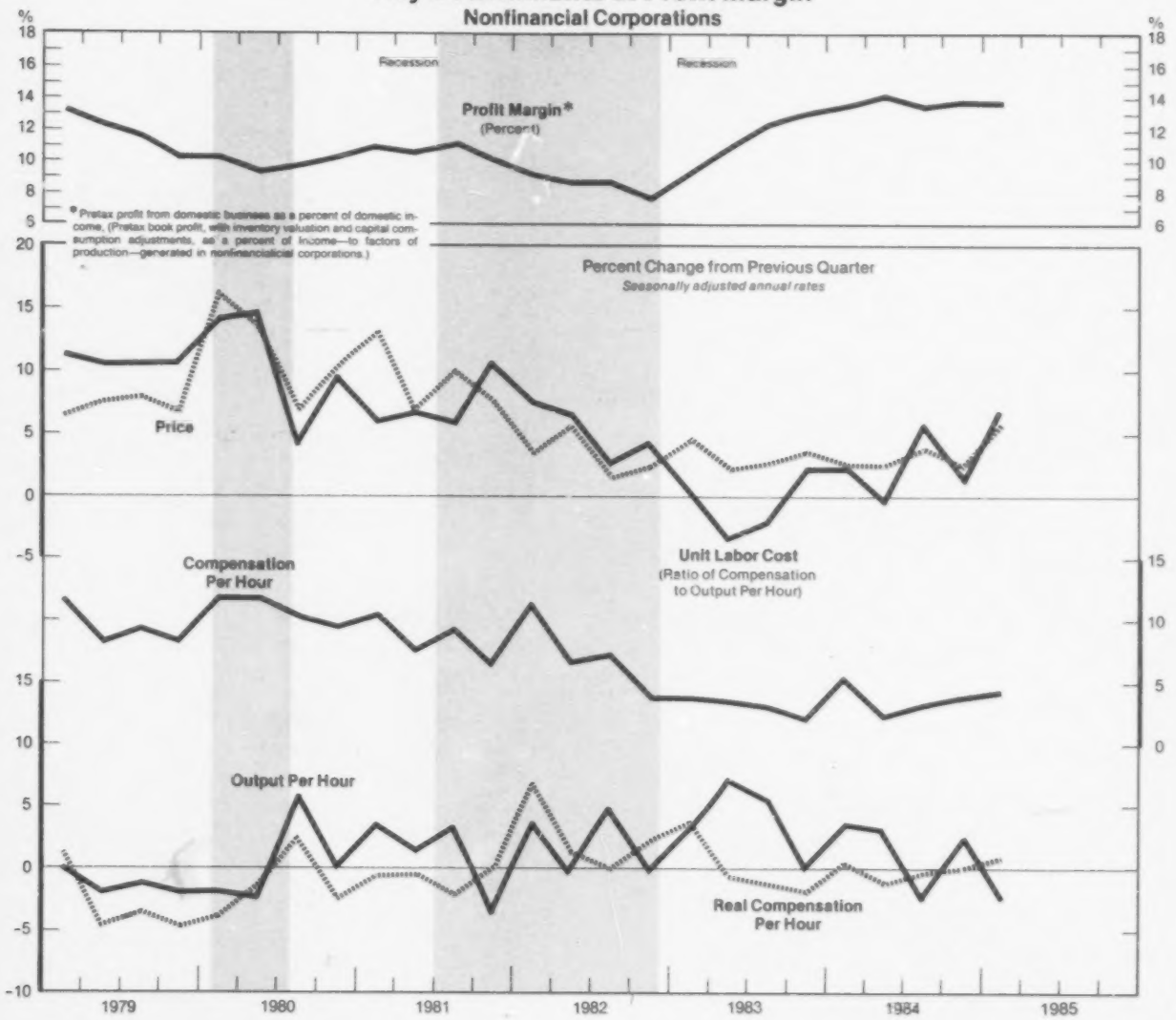
* Change in Backlog = New Appropriations—(Expenditures + Cancellations + Other Adjustments)

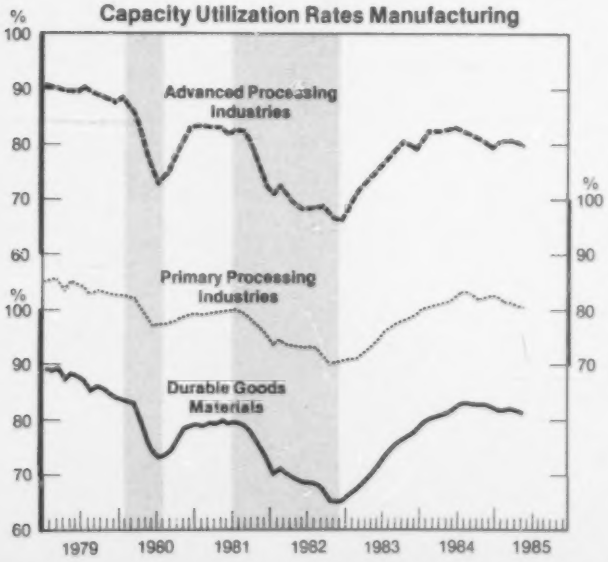
** Results based on survey respondents' expectations.



*Source: of Forecast is The Energy Information Administration: Department of Energy.

Key Determinants of Profit Margin





ECONOMIC FORECASTS

			U.C.L.A. Business Forecasting[1] Project		Merrill Lynch[2] Economics Inc.		E.I. duPont[2] de Nemours & Co.		Georgia State University[2]	
Date of Forecast			*May, 1985*		*June, 1985*		*June, 1985*		*June, 1985*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1985**	**I**			**$3810.6**	**5.6%**	**$3810.6**	**5.6%**	**$3810.6**	**5.6%**
		II	$3882.3	7.0%	3863.7	5.7	3854.0	4.6	3877.4	7.2
		III	3952.0	7.4	3932.7	7.3	3893.8	4.2	3951.9	7.9
		IV	4024.0	7.5	3994.1	6.4	3964.0	7.4	4016.3	6.7
	1986	I	4091.0	6.8	4064.4	7.2	4044.2	8.3	4098.5	8.4
		II	4160.8	7.0	4144.5	8.1	4129.9	8.7	4146.9	4.8
		III	4245.2	8.4	4222.2	7.7	4204.5	7.4	4203.6	5.6
		IV	4335.8	8.8	4307.5	8.3	4282.2	7.6	4229.7	2.5
	1987	I	4432.9	9.3			4349.3	6.4		
		II	4523.3	8.4			4435.7	8.2		
	1985	Annual	3918.9	7.0	3900.3	6.5	3880.6	5.9	3914.1	6.9
	1986	Annual	4208.2	7.4	4184.7	7.3	4165.2	7.3	4169.7	6.5
Gross National Product Billions of Constant (1972) Dollars										
Actual	**1985**	**I**			**$1663.5**	**.3%**	**$1663.5**	**.3%**	**$1663.5**	**.3%**
		II	$1682.6	4.2%	1674.0	2.5	1672.0	2.1	1677.2	3.3
		III	1699.9	4.2	1687.0	3.1	1682.0	2.4	1696.1	4.6
		IV	1714.6	3.5	1696.8	2.3	1694.0	2.9	1707.3	2.7
	1986	I	1725.8	2.6	1708.2	2.7	1710.0	3.8	1719.4	2.9
		II	1738.6	3.0	1723.3	3.6	1728.0	4.3	1727.1	1.8
		III	1755.6	4.0	1737.1	3.2	1741.0	3.0	1726.9	
		IV	1773.3	4.1	1753.0	3.7	1755.0	3.3	1717.8	-2.1
	1987	I	1791.4	4.1			1768.0	3.0		
		II	1808.6	3.9			1785.0	3.9		
	1985	Annual	1690.6	3.1	1680.3	2.5	1677.9	2.4	1686.0	2.8
	1986	Annual	1748.3	3.4	1730.4	3.0	1733.5	3.3	1722.8	2.2
Gross National Product deflator Index, 1972 = 100										
Actual	**1985**	**I**			**229.1**	**5.4%**	**229.1**	**5.4%**	**229.1**	**5.4%**
		II	230.7	2.7%	230.8	3.1	230.5	2.5	231.2	3.7
		III	232.5	3.1	233.1	4.1	231.5	1.7	233.0	3.2
		IV	234.7	3.8	235.4	4.0	234.0	4.4	235.2	3.9
	1986	I	237.0	4.1	237.9	4.4	236.5	4.3	238.4	5.4
		II	239.3	3.9	240.5	4.4	239.0	4.3	240.1	3.0
		III	241.8	4.2	243.1	4.3	241.5	4.3	243.4	5.6
		IV	244.5	4.5	245.7	4.5	244.0	4.2	246.2	4.7
	1987	I	247.5	4.9			246.0	3.3		
		II	250.1	4.3			248.5	4.1		
	1985	Annual	231.8	3.7	232.1	3.9	231.3	3.5	232.1	3.9
	1986	Annual	240.7	3.8	241.8	4.2	240.3	3.9	242.0	4.3
Unemployment Rate										
Actual	**1985**	**I**		**7.3%**		**7.3%**		**7.3%**		**7.3%**
		II		7.3		7.3		7.3		7.3
		III		7.2		7.4		7.3		7.2
		IV		7.2		7.5		7.3		7.2
	1986	I		7.2		7.5		7.3		7.1
		II		7.3		7.5		7.2		7.2
		III		7.2		7.3		7.1		7.3
		IV		7.2		7.2		6.9		7.5
	1987	I		7.1				6.8		
		II		6.9				6.8		
	1985	Annual		7.3		7.4		7.3		7.3
	1986	Annual		7.2		7.4		7.1		7.3

Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.
[1]Based on revised (first revision) first quarter data.
[2]Based on revised (second revision) first quarter data.

ECONOMIC FORECASTS (continued)

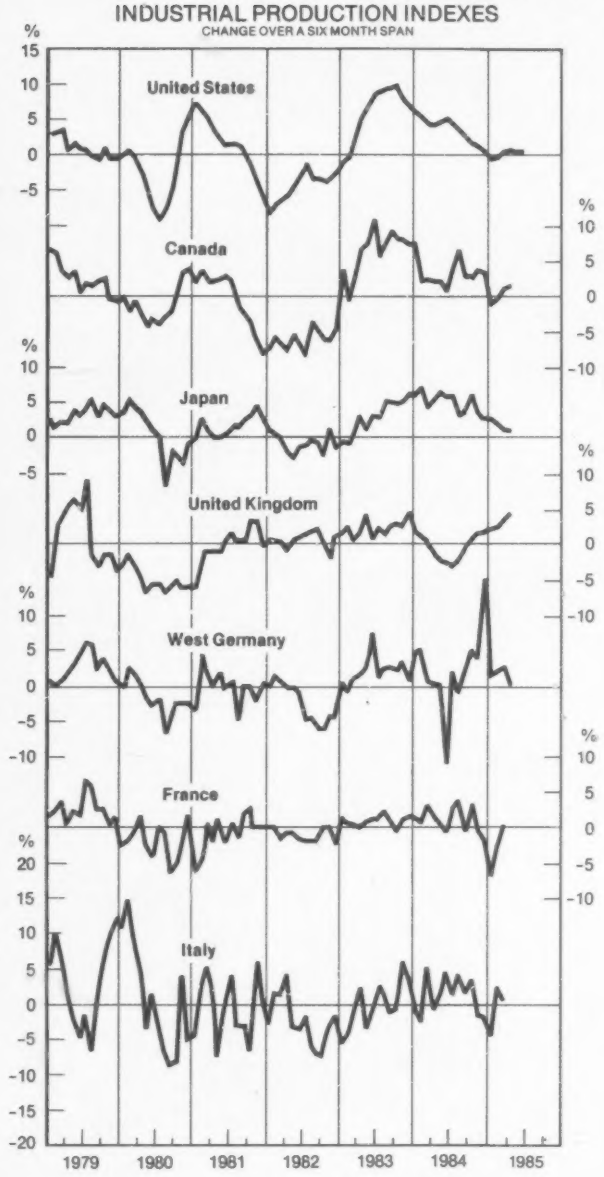
The Conference Board[1] June, 1985		Chase Econometric Associates, Inc.[2] June, 1985		Data Resources Inc.[2] June, 1985		Wharton E.F.A. Inc.[2] June, 1985		Date of Forecast		
Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*			
								Gross National Product Billions of Current Dollars		
$3810.6	**5.6%**	**$3810.6**	**5.6%**	**$3810.6**	**5.6%**	**$3810.6**	**5.6%**	**I**	**1985**	**Actual**
3867.0	6.1	3867.4	6.1	3868.3	6.2	3872.9	6.7	II		
3918.0	5.4	3935.6	7.2	3921.1	5.6	3946.8	7.9	III		
3956.0	3.9	4003.5	7.1	3974.5	5.6	4017.3	7.3	IV		
4012.0	5.8	4061.8	6.0	4023.6	5.0	4089.4	7.4	I	1986	
4099.0	9.0	4117.0	5.5	4078.7	5.6	4157.8	6.9	II		
4187.0	8.9	4198.0	8.1	4146.0	6.8	4227.4	6.9	III		
4271.0	8.3	4280.6	8.1	4226.5	8.0	4307.6	7.8	IV		
		4375.5	9.2	4319.0	9.0	4399.7	8.8	I	1987	
		4461.9	8.1	4406.7	8.4	4490.5	8.5	II		
3887.9	6.1	3904.3	6.6	3893.6	6.3	3911.9	6.8	Annual	1985	
4142.3	6.5	4164.4	6.7	4118.7	5.8	4195.6	7.3	Annual	1986	
								Gross National Product Billions of Constant (1972) Dollars		
$1663.5	**.3%**	**$1663.5**	**.3%**	**$1663.5**	**.3%**	**$1663.5**	**.3%**	**I**	**1985**	**Actual**
1674.8	2.7	1675.0	2.8	1676.8	3.2	1675.7	3.0	II		
1684.4	2.3	1687.0	2.9	1688.2	2.7	1690.8	3.7	III		
1689.0	1.1	1700.5	3.2	1696.5	2.0	1702.9	2.9	IV		
1700.3	2.7	1704.4	.9	1703.0	1.5	1712.1	2.2	I	1986	
1720.2	4.8	1708.7	1.0	1711.3	2.0	1721.0	2.1	II		
1737.5	4.1	1723.9	3.6	1723.5	2.9	1731.0	2.3	III		
1751.7	3.3	1739.2	3.6	1739.6	3.8	1743.9	3.0	IV		
		1756.1	3.9	1757.1	4.1	1758.7	3.4	I	1987	
		1770.6	3.3	1772.9	3.6	1774.5	3.6	II		
1677.9	2.4	1681.5	2.6	1681.3	2.6	1683.2	2.7	Annual	1985	
1727.4	3.0	1719.1	2.2	1719.4	2.3	1727.0	2.6	Annual	1986	
								Gross National Product deflator Index, 1972 = 100		
$ 229.1	**5.4%**	**229.1**	**5.4%**	**229.1**	**5.4%**	**229.1**	**5.4%**	**I**	**1985**	**Actual**
230.9	3.2	230.9	3.2	230.7	2.9	231.1	3.6	II		
232.6	3.0	233.3	4.2	232.3	2.7	233.4	4.1	III		
234.2	2.8	235.4	3.7	234.3	3.5	235.9	4.3	IV		
236.0	3.0	238.3	5.0	236.3	3.4	238.9	5.1	I	1986	
238.3	4.0	240.9	4.5	238.3	3.6	241.6	4.7	II		
241.0	4.6	243.5	4.3	240.6	3.8	244.2	4.4	III		
243.8	4.8	246.1	4.4	243.0	4.1	247.0	4.7	IV		
		249.2	5.0	245.8	4.8	250.2	5.2	I	1987	
		252.0	4.6	248.6	4.6	253.1	4.7	II		
231.7	3.7	232.2	3.9	231.6	3.7	232.4	4.0	Annual	1985	
239.8	3.5	242.2	4.3	239.5	3.4	242.9	4.5	Annual	1986	
								Unemployment Rate		
	7.3%		**7.3%**		**7.3%**		**7.3%**	**I**	**1985**	**Actual**
	7.3		7.2		7.3		7.3	II		
	7.4		7.2		7.3		7.1	III		
	7.6		7.3		7.4		7.2	IV		
	7.7		7.5		7.5		7.3	I	1986	
	7.5		7.7		7.6		7.3	II		
	7.3		7.7		7.7		7.4	III		
	7.3		7.7		7.7		7.4	IV		
			7.5		7.7		7.4	I	1987	
			7.3		7.6		7.3	II		
	7.4		7.3		7.3		7.2	Annual	1985	
	7.5		7.7		7.6		7.3	Annual	1986	

Please Note: In the interest of speeding the data contained in this publication to you, these series are available on-line through The Conference Board Data Base. For more information, contact Linette Stein Waters or Ken Goldstein at (212) 759-0900.

SELECTED INTERNATIONAL COMPARISONS

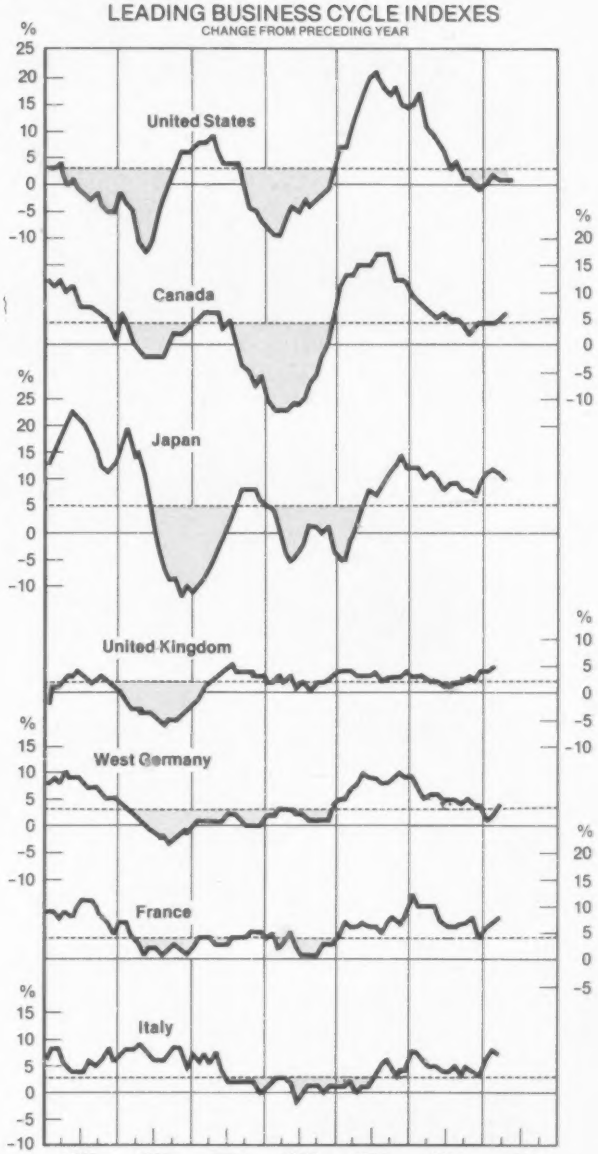
INDUSTRIAL PRODUCTION INDEXES

CHANGE OVER A SIX MONTH SPAN



LEADING BUSINESS CYCLE INDEXES

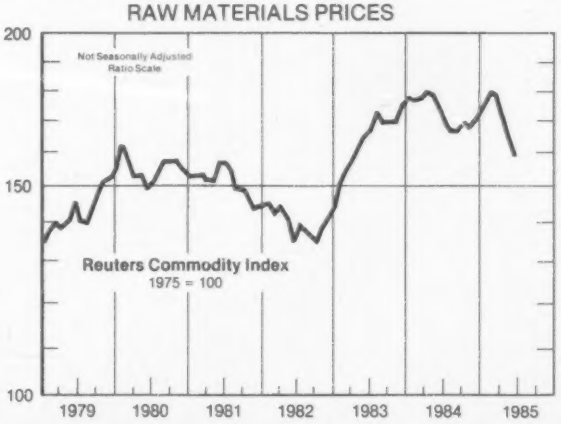
CHANGE FROM PRECEDING YEAR



Source: Center for International Business Cycle Research, Columbia University

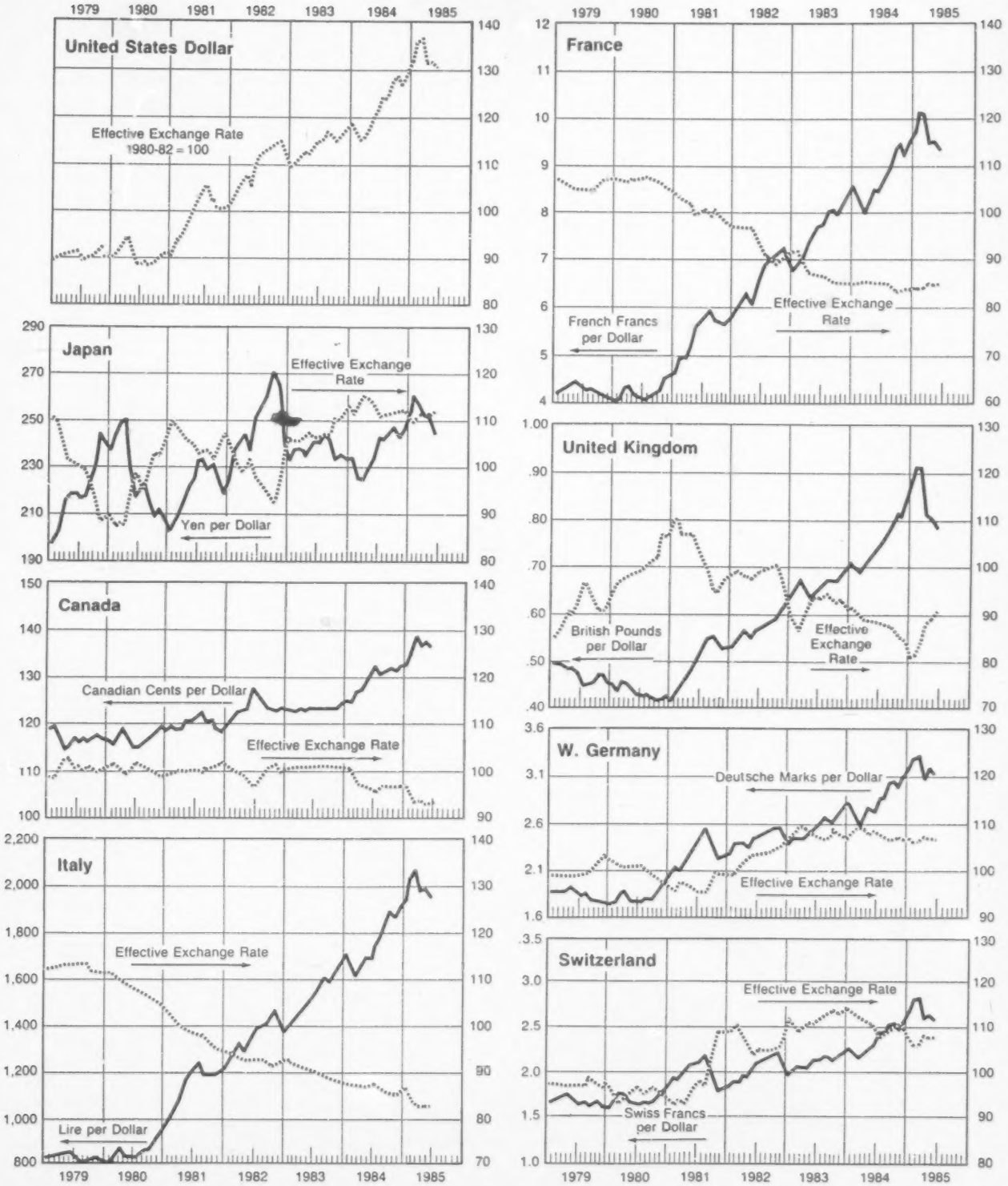
MERCHANDISE TRADE: VALUE OF EXPORTS

RAW MATERIALS PRICES



Foreign Exchange Rates

Indexes: 1980-82 = 100



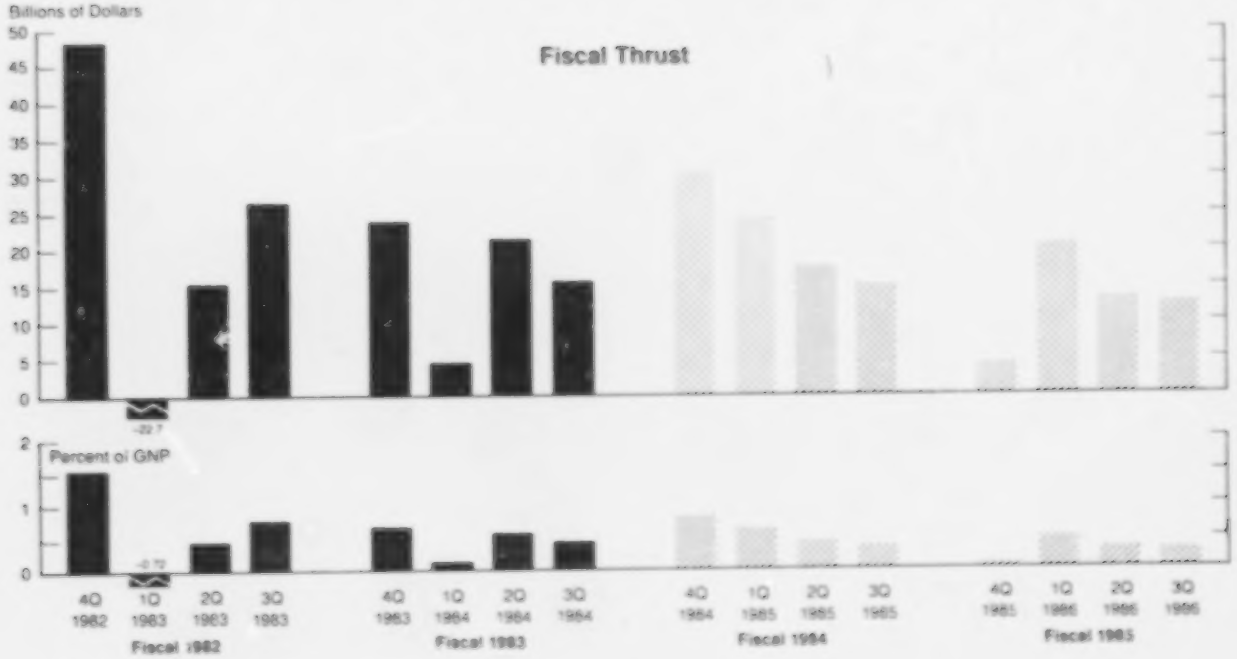
Note: Nominal Effective Exchange Rates: Index numbers 1980-82 = 100. Each index shows a currency's trade-weighted appreciation or depreciation measured against fifteen other major currencies using averages of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

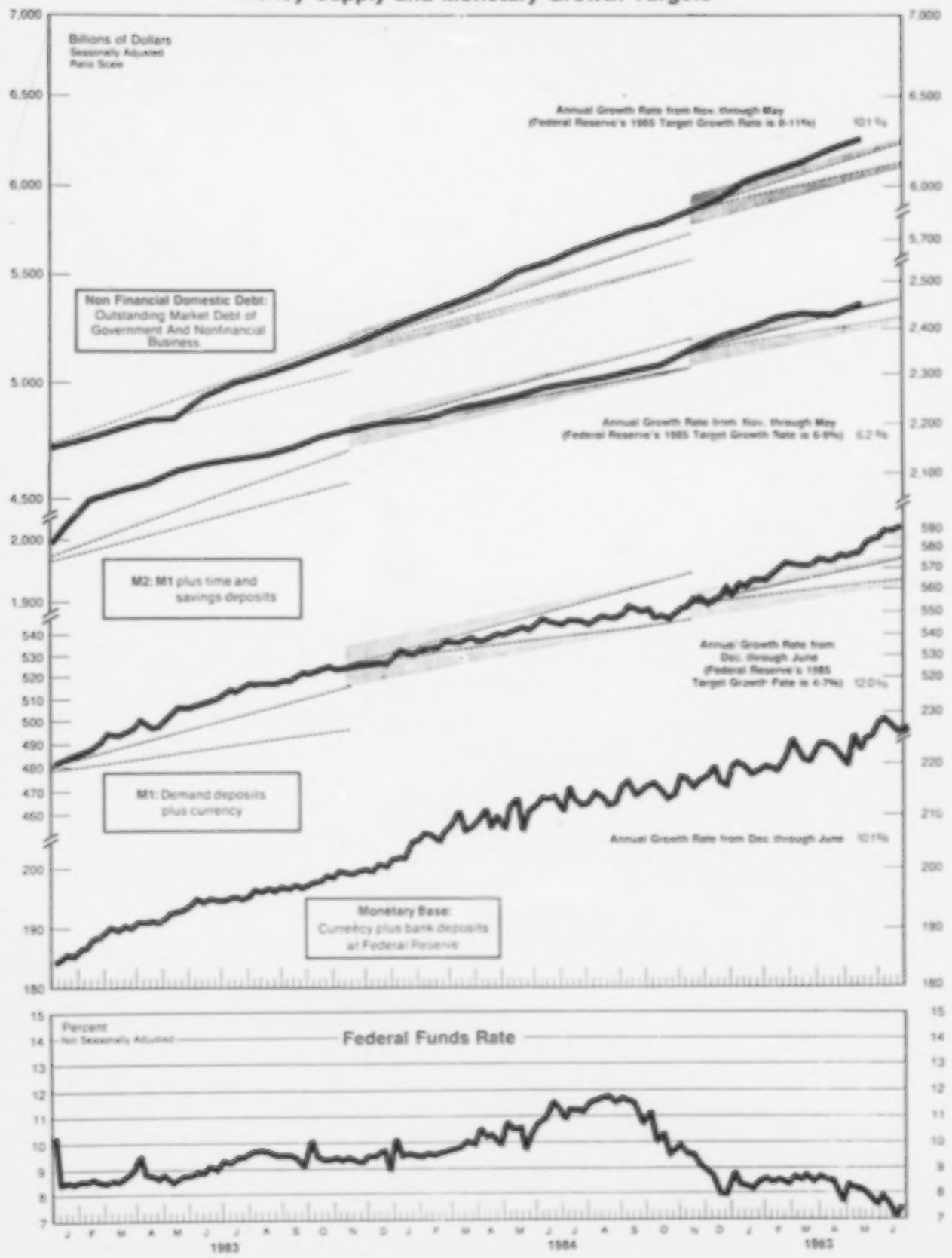
PERSPECTIVE ON THE FEDERAL BUDGET
(Billions of Current Dollars)

	Fiscal 1986		Fiscal 1987		Fiscal 1988	
	Senate	House	Senate	House	Senate	House
	(5/9/85)	(5/16/85)	(5/9/85)	(5/16/85)	(5/9/85)	(5/16/85)
Receipts	**793.6**	**794.1**	**866.3**	**866.0**	**955.9**	**955.6**
Outlays	**965.0**	**967.3**	**1,011.1**	**1,028.5**	**1,060.2**	**1,080.0**
Deficit	**-171.4**	**-173.2**	**-144.8**	**-162.5**	**-104.3**	**-124.4**
Receipts by source	**793.6**	**794.1**	**866.3**	**866.0**	**955.9**	**955.6**
Individual income taxes	364.5	364.5	398.3	398.3	438.0	438.0
Corporate income taxes	72.3	72.3	89.3	89.3	103.2	103.2
Social insurance	285.4	285.4	306.1	306.1	342.9	342.9
Other receipts	71.4	71.9	72.6	72.3	71.8	71.5
Outlays by function	**965.0**	**967.3**	**1,011.1**	**1,028.5**	**1,060.2**	**1,080.0**
National defense	273.1	267.1	292.1	285.2	313.0	303.9
Social security and medicare	263.2	269.1	280.7	289.7	302.7	312.9
Income security	116.6	121.8	120.6	127.8	125.7	133.9
Health	35.3	35.6	37.8	38.3	40.3	40.8
Education and manpower	30.3	31.2	29.9	32.1	30.4	32.9
Transportation	26.1	26.5	27.7	28.9	27.4	29.5
Veterans' benefits	26.1	26.8	26.2	27.4	26.7	27.8
International affairs	17.8	18.6	17.1	16.9	16.7	16.2
Agriculture	14.5	15.8	15.8	16.9	12.9	15.0
National resources and environment	12.5	13.0	12.4	12.8	12.5	13.2
General science	9.0	8.9	8.8	8.9	9.0	8.9
Community development	7.9	8.2	7.1	6.1	6.7	7.9
Justice	6.7	6.8	6.9	7.0	7.0	7.2
Commerce and housing credit	3.4	4.6	2.3	5.0	5.1	6.7
General government	5.2	5.3	5.2	5.2	5.5	5.5
Energy	5.1	5.6	4.6	5.4	4.2	4.7
Revenue sharing	6.5	5.7	3.2	2.9	2.1	2.1
Interest	142.3	140.9	152.1	150.9	153.9	153.9
Allowances	-1.6	-4.4	-1.6	-4.3	-0.5	-3.2
Undistributed offsetting receipts	-35.0	-39.8	-37.8	-36.6	-41.1	-39.8

Note: These estimates are from the first budget resolution. A joint conference is currently reconciling the differences between the Senate and House versions. A new budget resolution should be reported by July.



Money Supply and Monetary Growth Targets



CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

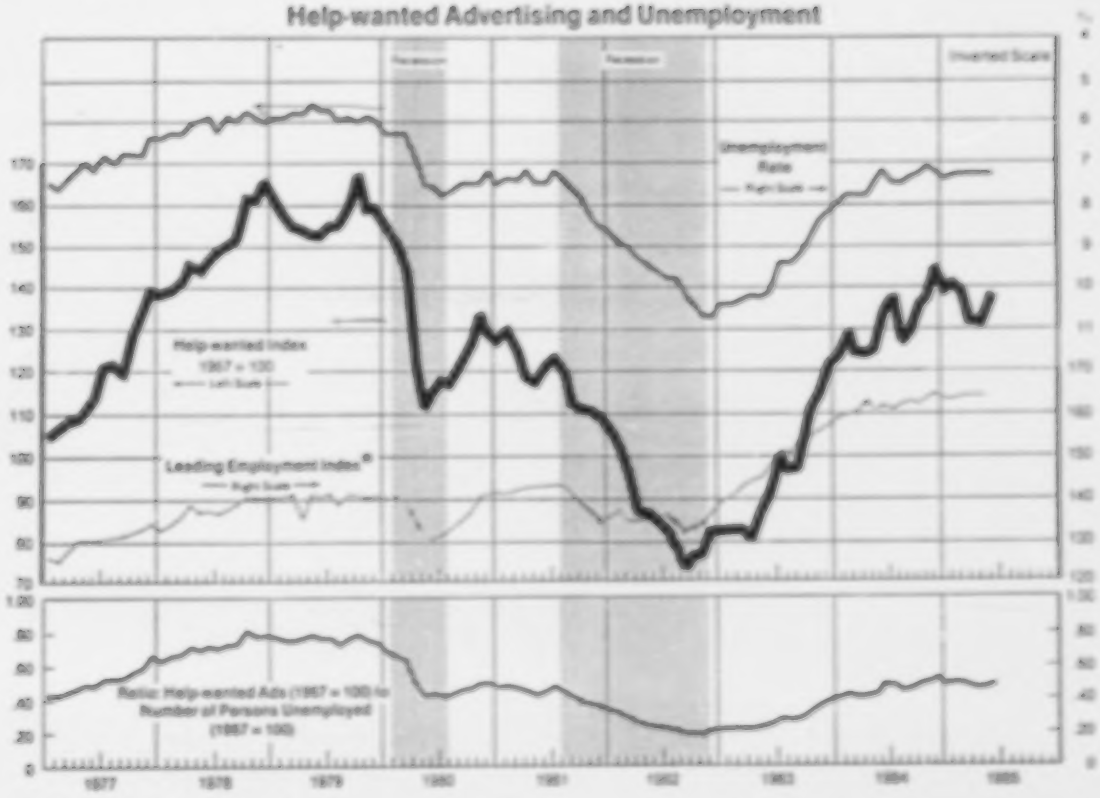
Seasonally Adjusted Indexes, 1967 = 100

Locality	1985 May	1985 Apr.	1985 Mar.	1984 May
National Index	131	131	138	125
New England	145	149	153	141
Boston	160	161	171	159
Hartford	132	151	137	136
Providence	102	103	106	84
Middle Atlantic	63	62	66	58
Albany	155	149	144	123
Allentown	144	174	157	121
New York	53	53	53	53
Philadelphia	52	49	60	49
Pittsburgh	64	61	72	52
Rochester	78	79	81	63
Syracuse	104	97	103	85
East North Central	85	83	88	72r
Chicago	96	94	99	92
Cincinnati	124	101	132	87
Cleveland	56	58	64	49r
Columbus	121	130	137	91
Dayton	79	79	80	59
Detroit	63	64	65	52
Gary	110	87	101	69
Indianapolis	88	85	86	79
Milwaukee	49	50	54	43
Toledo	106	112	109	83
West North Central	82	84	91	75
Kansas City	111	117	123	97
Minneapolis	73	75	81	70
Omaha	114	120	128	109
St. Louis	64	64	72	57
South Atlantic	163	157r	175	146
Atlanta	276	271	299	258
Baltimore	141	111	124	104

Locality	1985 May	1985 Apr.	1985 Mar.	1984 May
Charlotte	130	139	159	131
Jacksonville	210	182	205	181
Miami	73	74r	89	77r
Richmond	120	119	126	96
Washington, D.C.	158	162	181	142
East South Central	137	143	136	116
Birmingham	141	138	134	126
Knoxville	204	207	207	167
Louisville	89	77	94	85
Memphis	109	108	105	104
Nashville	181	231	178	142
West South Central	236	235	251	282
Dallas	322	322	352	412
Houston	284	280	300	336
New Orleans	103	104	113	141
Oklahoma City	142	140	141	150
San Antonio	213	211	220	210
Tulsa	146	149	148	146
Mountain	315	314	326	296
Denver	194	212	239	194
Phoenix	471	475	476	416
Salt Lake City	326	287	284	326
Pacific	189	194	203	184
Los Angeles	136	143	157	144
Sacramento	355	342	341	289
San Bernadino	172	221	197	143
San Diego	422	435	443	366
San Francisco	199	193	205	200
Seattle	179	175	184	183
Percentage of papers with rising volume	43	22	53	47
Unemployment rate	7.3	7.3	7.3	7.5

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised N.A.—not available

Help-wanted Advertising and Unemployment



*Source: Center for International Business Cycle Research, Columbia University

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1969-1970 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1983	58.0	65.8	77.1	80.3	84.0	84.9	84.7	84.6	84.8	85.7	90.2	95.1
1984	98.4	95.7	94.5	97.9	95.2	97.1	91.0	91.9	91.0	91.5	96.8	85.9
1985	95.4	95.8	87.8	93.1	87.2r	91.5p						

Buying Plans Index

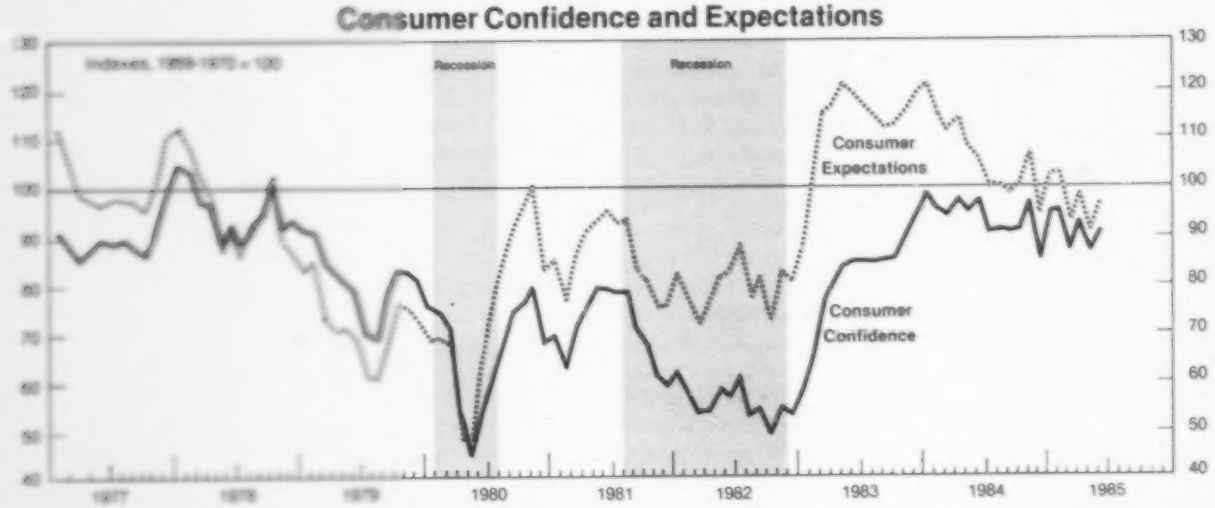
1983	71.9	75.8	87.9	86.0	85.2	103.6	100.5	89.9	113.5	109.9	108.9	108.5
1984	101.4	108.0	103.9	99.4	105.1	121.6r	94.5	100.6	93.3	98.5	102.7	96.2
1985	102.3	107.1	113.8	101.4	88.8r	107.9p						

Confidence Index measures consumer optimism in appraising economic conditions. Buying plans Index is based on intentions to purchase cars, homes, appliances. Expectations Index, charted below, measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary r—revised

Consumer Confidence and Expectations



CONFERENCE BOARD ESTIMATES OF DISCRETIONARY PURCHASING POWER AND SPENDING

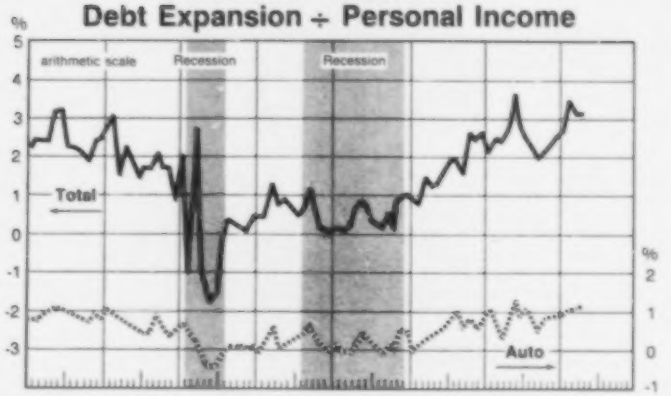
Billions of Current Dollars (Seasonally Adjusted at Annual Rates)

		Aggregate Purchasing Power (APP)	Discretionary Purchasing Power (DPP)	Discretionary Spending (DSP)	Discretionary Saving (DSA)	Ratios (DSP)/(DPP)	Ratios (DSP)/(APP)	Ratios Total Saving/ (APP)	Ratios Net Saving/ Income After Taxes
1978	IV	$1714.9	$604.0	$437.0	$167.0	72.3%	25.5%	14.0%	8.5%
1979	I	1758.5	621.0	435.3	185.8	70.1	24.8	14.0	7.5
	II	1846.3	660.4	433.4	226.9	65.6	23.5	16.3	10.5
	III	1865.0	651.0	451.8	199.2	69.4	24.2	14.2	8.8
	IV	1903.1	642.3	466.9	175.3	72.7	24.5	13.1	9.0
1980	I	1909.7	702.4	479.4	223.0	68.3	24.0	15.2	10.4
	II	1942.3	600.7	454.5	146.3	75.7	23.4	12.5	11.4
	III	2085.1	698.2	474.4	223.8	67.9	22.8	15.5	11.8
	IV	2147.6	735.9	497.5	238.3	67.6	23.2	14.9	10.8
1981	I	2180.1	732.3	520.4	211.9	71.1	23.9	13.6	10.0
	II	2235.7	740.6	514.5	226.0	69.5	23.0	14.7	10.4
	III	2317.8	771.2	525.3	246.0	68.1	22.7	15.5	12.4
	IV	2269.4	739.2	520.2	219.0	70.4	22.7	13.7	12.0
1982	Ir	2293.4	719.1	530.1	189.0	73.7	23.1	12.2	10.7
	IIr	2344.3	731.9	542.9	189.0	74.2	23.2	12.8	10.5
	IIIr	2424.8	782.9	549.5	233.4	70.2	22.7	14.1	12.3
	IVp	2456.0	799.0	577.0	222.0	72.2	23.5	13.3	10.3

Note: For an explanation of discretionary purchasing power and spending, see the Sept., 1981 issue of the *Statistical Bulletin*.

P—Preliminary R—Revised

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales

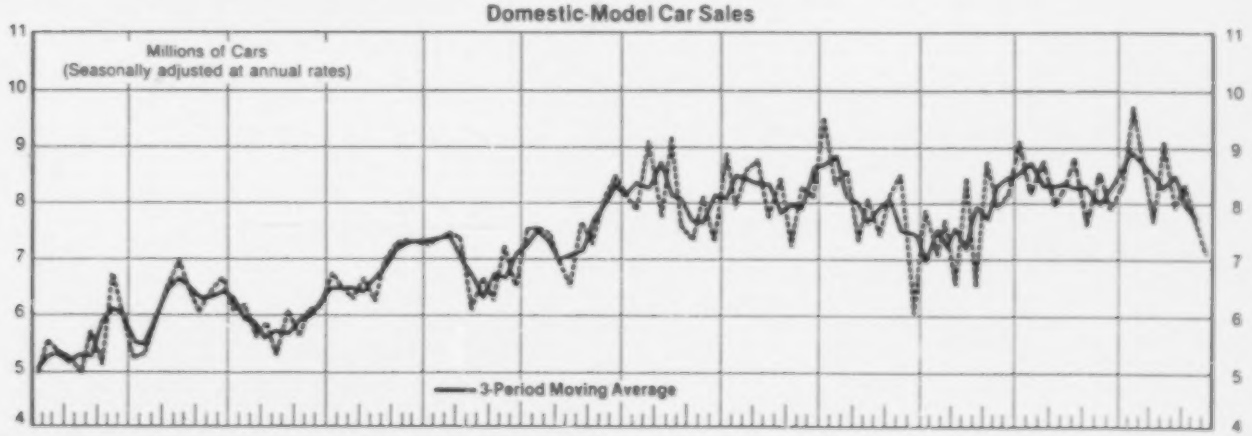
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1982	1983	1984	1985
January:	1-10	5.53	6.17	8.16	9.14
	11-20	5.59	6.20	7.84	8.16
	21-31	5.14	5.60	9.15	8.78
February:	1-10	6.10	5.86	7.79	7.97
	11-20	6.03	5.30	9.17	8.28
	21-28(29)	6.06	6.07	7.60	8.81
March:	1-10	5.46	5.61	7.35	7.60
	11-20	5.68	6.10	8.13	8.55
	21-31	6.17	6.19	7.35	7.86
April:	1-10	5.06	6.69	8.88	8.30
	11-20	6.14	6.52	7.96	9.76
	21-30	5.62	6.35	8.60	8.73
May:	1-10	6.31	6.67	8.75	7.65
	11-20	6.53	6.30	7.74	9.13
	21-31	5.77	6.97	8.43	7.88
June:	1-10	6.00	7.23	7.22	8.35
	11-20	4.24	7.34	8.25	7.67
	21-30	4.56	7.28	8.10	7.10
July:	1-10	4.98	7.25	9.51	
	11-20	5.56	7.36	8.32	
	21-31	5.34	7.43	8.59	
August:	1-10	5.27	7.39	7.33	
	11-20	5.00	6.11	8.07	
	21-31	5.72	6.65	7.43	
September:	1-10	5.16	6.26	8.13	
	11-20	6.75	7.21	8.52	
	21-30	6.11	6.55	6.03	
October:	1-10	5.22	7.52	7.83	
	11-20	5.36	7.56	7.07	
	21-31	5.91	7.45	7.70	
November:	1-10	6.56	6.96	6.60	
	11-20	6.98	6.55	8.44	
	21-30	6.48	7.62	6.57	
December:	1-10	6.03	7.30	8.75	
	11-20	6.45	8.09	7.96	
	21-31	6.64	8.48	8.19	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic-Model Car Sales



Imports as Percent of Total New Car Sales